

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

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UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	CASE NO. CR23-178-RAJ
	)	
v.	)	Seattle, Washington
	)	
BINANCE HOLDINGS LIMITED,	)	February 23, 2024
	)	11:04 a.m.
	)	
Defendant.	)	Sentencing
	)	
	)	

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VERBATIM REPORT OF PROCEEDINGS  
BEFORE THE HONORABLE RICHARD A. JONES  
UNITED STATES DISTRICT JUDGE

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**APPEARANCES:**

For the Plaintiff:	ELIZABETH CARR KEVIN GERARD MOSLEY U.S. Department of Justice Criminal Division 1400 New York Avenue NW Washington, DC 20530  MICHAEL DION JONAS BLOMBERG LERMAN U.S. Attorney's Office 700 Stewart Street, Suite 5220 Seattle, WA 98101-1271
For the Defendant:	JEFFREY B. COOPERSMITH Corr Cronin LLP 1015 Second Avenue, 10th Floor Seattle, WA 98104  MICHAEL KENDALL DAY STEPHANIE L. BROOKER Gibson Dunn & Crutcher 1050 Connecticut Avenue NW Washington, DC 20036-5303

(Cont'd:)

For the Defendant: POONAM G. KUMAR  
Gibson Dunn & Crutcher LLP  
333 South Grand Avenue  
Los Angeles, CA 90071-3197

General Counsel  
(Binance): ELEANOR HUGHES

Deputy General  
Counsel (Binance): JOSHUA EATON

Reported by: MARCI E.C. CHATELAIN, CCR, RMR, CRR  
Federal Court Reporter  
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## PROCEEDINGS

THE CLERK: Please rise.

The United States District Court for the Western District of Washington is now in session, the Honorable Richard A. Jones presiding.

THE COURT: Good morning. Please be seated.

THE CLERK: We are here for sentencing in the matter of the United States versus Binance Holdings Limited, d/b/a Binance.com, cause number CR23-178, assigned to this Court.

If counsel could please rise and make your appearances for the record.

MR. DION: Michael Dion for the United States. Good morning, Your Honor.

THE COURT: Good morning.

MR. MOSLEY: Kevin Mosley for the United States. Good morning, Your Honor.

THE COURT: Good morning.

MS. CARR: Elizabeth Carr for the United States. Good morning, Your Honor.

THE COURT: Good morning.

MR. LERMAN: And Jonas Lerman for the United States. Good morning.

THE COURT: Good morning.

Who will be speaking on behalf of the government?

1 MR. MOSLEY: Primarily, I will, Your Honor.

2 THE COURT: All right. Thank you, Counsel.

3 MS. BROOKER: Good morning, Your Honor. Stephanie  
4 Brooker for Binance Holdings Limited of Gibson Dunn. And I'm  
11:05:07 5 joined at counsel table by colleagues from Gibson Dunn, Kendall  
6 Day --

7 MR. DAY: Good morning, Your Honor.

8 THE COURT: Good morning.

9 MS. BROOKER: -- and Poonam Kumar.

11:05:14 10 MS. KUMAR: Good morning, Your Honor.

11 THE COURT: Good morning.

12 MS. BROOKER: And Jeff Coopersmith, our local counsel  
13 from Corr Cronin.

14 MR. COOPERSMITH: Good morning, Your Honor.

11:05:18 15 THE COURT: Good morning.

16 MS. BROOKER: Your Honor, we're also joined at counsel  
17 table by Eleanor Hughes, who is the general counsel of Binance.

18 MS. HUGHES: Good morning, Your Honor.

19 THE COURT: Good morning.

11:05:29 20 MS. BROOKER: And also, Your Honor, Josh Eaton, who is  
21 the deputy general counsel of Binance, and the authorized  
22 corporate representative for these proceedings.

23 MR. EATON: Good morning, Your Honor.

24 THE COURT: Good morning, sir.

11:05:39 25 Thank you.

1 We'll begin these proceedings with the Court, first of all,  
2 identifying all the documents that I've received and reviewed.  
3 These documents include the following:

4 The notice of the parties in advance of sentencing, dated  
11:05:51 5 December 11, 2023; the stipulated motion and order of forfeiture  
6 dated February 9, 2024; the government's sentencing memorandum;  
7 the defendant's sentencing memorandum; and the Plea Agreement  
8 dated November 21, 2023.

9 Counsel for the government, are you aware of any additional  
11:06:11 10 documents that I did not state for the record?

11 MR. MOSLEY: No, Your Honor.

12 THE COURT: Counsel for the defense, are you aware of  
13 any additional documents?

14 MS. BROOKER: No, Your Honor.

11:06:20 15 THE COURT: All right. Thank you.

16 I trust that the parties are aware that the Court's  
17 understanding is there's no presentence report that was prepared  
18 for this portion of the case.

19 With that, the Court will engage in its analysis of the  
11:06:33 20 guideline calculations.

21 The Court is using sentencing guidelines and 18 U.S.C.  
22 Section 3571(d) for these calculations. As outlined in the Plea  
23 Agreement, paragraph 13 specifically, the parties agree based on  
24 the application of the guidelines that the following provisions  
11:06:54 25 with respect to sentence of a fine apply to this case.

1 So we begin first with a base fine of \$1,612,031,763 under  
2 United States Sentencing Guideline 8C2.4(a)(2), the pecuniary  
3 gain from the defendant to the defendant for the offense.

4 Next, a culpability score of seven points is based on  
11:07:22 5 guideline 8C2.5, calculated as follows: The base culpability of  
6 five points pursuant to guideline 8C2.5(a).

7 Next, a four-point addition because the organization had  
8 more than 1,000 employees, and an individual with high-level  
9 personnel participated in, condoned, or was willfully ignorant  
11:07:50 10 of the offense pursuant to guideline Section 8C2.5(b)(2)(A)(i);  
11 a two-point reduction for cooperation and acceptance of  
12 responsibility.

13 There's also calculation of fine range pursuant to  
14 guideline Section 8C2.6; therefore, a base fine of  
11:08:12 15 \$1,612,031,763. The multiplier of 1.4, the minimum, 2.8  
16 maximum, the fine range being \$2,256,844,468 to \$4,503,688,936.

17 Pursuant to the Plea Agreement, specifically paragraph 14,  
18 the parties agree that a fine at the bottom of the applicable  
19 sentencing guideline range, with the 20 percent discount to  
11:08:52 20 reflect the defendant's partial cooperation and remediation, is  
21 appropriate.

22 Counsel for the government, how do you wish to respond to  
23 the Court's calculations?

24 MR. MOSLEY: I think that is accurate, Your Honor.

11:09:07 25 I think the fine range is -- was \$2,256,844,468 to

1 four-billion-five-hundred-and-thirteen-thousand --

2 THE COURT: 513 million.

3 MR. MOSLEY: 513,688,936.

4 THE COURT: Okay. I believe that's what the Court  
5 stated on the record.

11:09:27

6 MR. MOSLEY: I might have misheard, Your Honor. I  
7 thought it was -- you said 503, so that's my fault. I thought I  
8 might have misheard that.

9 THE COURT: Okay.

11:09:37

10 MR. MOSLEY: But other than that, the government --  
11 the United States agrees with the calculations made by the  
12 Court.

13 THE COURT: Counsel for defense?

14 MR. DAY: We agree with the Court's calculation, Your  
15 Honor.

11:09:45

16 THE COURT: All right. Thank you.

17 The Court will proceed in the following manner. First I'll  
18 hear from counsel for the government, then I'll hear from  
19 counsel for the defendant. And the Court will give the  
20 opportunity for the corporate representatives, if they wish to  
21 address the Court. Then the Court will make its determination.

11:09:53

22 Counsel for the government, I'll hear from you first.

23 MR. MOSLEY: Thank you, Your Honor.

24 THE COURT: Good morning, sir.

11:10:33

25 MR. MOSLEY: Good morning, Your Honor.

1 Your Honor is aware of the numerous and voluminous  
2 documents filed in this case. The resolution that the parties  
3 have agreed upon here is the result of a very long and extensive  
4 investigation, extensive fact finding that is contained within a  
11:10:48 5 very detailed recitation and statement of facts to which both  
6 the government and the defendant have agreed.

7 The sentence that has been agreed upon by the parties  
8 reflects that investigation, the intensive fact finding that has  
9 resulted from that, and the detailed statement of facts. The  
11:11:09 10 sentence that the parties have agreed on -- I mean, has also  
11 contained allowances for and consideration of the defendant's  
12 remediation and cooperation in this case, and also reflects the  
13 nature and seriousness of the offense.

14 And based on all that and the papers that have already been  
11:11:30 15 filed by the government and the defense, we believe that the  
16 agreed-upon sentence of the combined financial penalty of more  
17 than \$4.3 billion and the other obligations imposed under the  
18 Plea Agreement, which includes numerous undertakings and  
19 agreements to cooperate and remediate with -- cooperate with law  
11:11:48 20 enforcement and remediate their program, is sufficient but not  
21 greater than necessary to achieve the goals of sentencing as set  
22 forth in 18 U.S.C. 3553(a), and as a result, the United States  
23 believes that the Court should impose the agreed-upon sentence  
24 upon Binance.

11:12:03 25 THE COURT: And to your knowledge, Counsel, since the



1 agreement was reached, have you seen the actual undertaking of  
2 the remediation representations that were made by counsel in the  
3 settlement?

4 MR. MOSLEY: Your Honor, we believe that the company  
11:12:18 5 has been engaging in remediation and cooperation as set forth in  
6 the Plea Agreement between the parties.

7 THE COURT: All right. Anything further, Counsel?

8 MR. MOSLEY: Nothing from us, Your Honor.

9 THE COURT: All right. Thank you.

11:12:31 10 You indicated, Counsel, you're representing -- at least to  
11 represent the government for a portion of the argument. Is  
12 there someone else who wishes to speak on behalf of the  
13 government, or does that complete the argument made on behalf of  
14 the recommendation?

11:12:43 15 MR. MOSLEY: With respect to our recommendation, that  
16 is complete, Your Honor; however, should the Court have any  
17 other questions to ask us, we are obviously here to answer  
18 those. And potentially, Ms. Carr might rise to answer some of  
19 those questions, depending on what they are.

11:12:56 20 THE COURT: Okay. Thank you, Counsel.

21 I have no additional questions of counsel for the  
22 government.

23 I'll hear from counsel for the defense.

24 MR. DAY: Thank you, Your Honor.

11:13:09 25 Like the government, I think we can largely rest on the

1 papers. We believe that the sentence here is fair and  
2 appropriate, and we would ask the Court to accept the Plea  
3 Agreement.

4 In particular, we would commend to the Court's attention  
11:13:22 5 the substantial compliance enhancements that are recognized in  
6 the Plea Agreement, starting at paragraph 8; compliance  
7 enhancements that began in 2019. And as you and counsel for the  
8 government just discussed, compliance enhancements that  
9 continue, and commitments that continue, through today.

11:13:40 10 So based on all of those things contained within the  
11 voluminous record, we do think this sentence is appropriate and  
12 we would ask the Court to impose it.

13 THE COURT: And, Counsel, you are aware that there are  
14 conditions of supervision that the Court has -- will exercise.  
11:13:56 15 Have you reviewed those with the representatives for your  
16 client?

17 MR. DAY: So we have tendered together with the  
18 government a proposed Judgment in this case. There are  
19 conditions contained within the Plea Agreement. The Judgment in  
11:14:10 20 this case, though, Your Honor, I do not believe contains  
21 additional conditions beyond what is contained in the Plea  
22 Agreement.

23 THE COURT: And have you reviewed those conditions  
24 with your client?

11:14:19 25 MR. DAY: Yes, the ones contained in the Plea

1 Agreement, we have.

2 THE COURT: And was there any objection?

3 MR. DAY: No, sir.

4 THE COURT: And did they have the opportunity to

11:14:26 5 review the full extent of those conditions?

6 MR. DAY: Yes, they did, Your Honor.

7 THE COURT: Any reservation whatsoever, any indication  
8 they did not understand any component of what they had  
9 represented?

11:14:35 10 MR. DAY: No, Your Honor.

11 THE COURT: All right. Anything further, then,  
12 Counsel?

13 MR. DAY: No, Your Honor.

14 THE COURT: All right. And the corporate  
11:14:42 15 representative, do you wish to address the Court, sir?

16 MR. EATON: Yes, Your Honor. Thank you.

17 THE COURT: All right. Please step to the lectern.

18 MR. EATON: Thank you, Your Honor.

19 THE COURT: Good morning, again, sir.

11:14:53 20 MR. EATON: Good morning, again, Your Honor.

21 Sir, Binance -- Your Honor, Binance accepts full  
22 responsibility for its past and for the reasons why it is  
23 sitting here today.

24 We're also proud of the substantial compliance enhancements  
11:15:11 25 that we have undertaken over the past few years under the

1 leadership and direction of our former CEO.

2 We wish to thank the government for recognizing many of  
3 those enhancements in its papers filed with this Court. And we  
4 also wish to thank you, Your Honor, and your courtroom deputy  
11:15:29 5 and your courtroom staff for the time you have taken to address  
6 this matter.

7 And if you have any questions for me, I am here to answer  
8 them.

9 THE COURT: I have no additional, specific questions,  
11:15:38 10 sir.

11 MR. EATON: Thank you, your Honor.

12 THE COURT: Thank you.

13 Anything further from the defense at this time?

14 MR. DAY: No, Your Honor.

11:15:44 15 THE COURT: All right. With that, the Court will --  
16 first, I'm required to make an appropriate guideline range  
17 calculation, and I've undertaken that. And I'm also looking at  
18 any traditional departures or variances that might be applicable  
19 in view of the facts and circumstances, and I've done that as  
11:16:06 20 well.

21 In fashioning the sentence I will impose, I have the  
22 responsibility of looking at and considering all of the Section  
23 3553(a) factors. And I will go through those factors that serve  
24 as a basis for the ultimate sentence that I will impose.

11:16:17 25 So I begin, first, with the history and characteristics of

1 the defendant.

2 The defendant operated as a money transaction business and  
3 a money services business doing business wholly or in  
4 substantial part in the United States, servicing a substantial  
11:16:33 5 number of U.S. customers in an effort to process billions of  
6 dollars.

7 The Court looks at the nature and circumstances of the  
8 offense. And essentially, it is an offense involving failure to  
9 comply with U.S. laws and regulations of the U.S. financial  
11:16:51 10 system: Specifically, the failure to implement  
11 anti-money-laundering programs that protect the institution;  
12 failure to regulate as an MSB; willful failure to implement  
13 effective programs; and creating vulnerability in the United  
14 States system.

11:17:08 15 Next, the Court needs to look at the offense as to whether  
16 or not it's a seriousness -- as to the seriousness of the  
17 offense. The government characterizes this as "epic  
18 proportions," and the Court has to agree, in terms of the  
19 largesse and size of what has been undertaken.

11:17:25 20 Court finds that defendant Binance senior leaders,  
21 including Defendant Zhao, knew that serving U.S. customers  
22 required Binance to follow United States laws.

23 Despite this knowledge, the defendant made calculated  
24 decisions not to follow the United States laws or comply with  
11:17:46 25 United States regulations. And it appears to this Court from

1 the pleadings that have been filed and submitted that this was  
2 undertaken specifically for cost, to avoid payment, and to avoid  
3 compliance with United States regulations.

4 Next, the Court needs to impose a sentence so that the  
11:18:04 5 defendant has greater respect for the United States laws, as  
6 evidenced by the pure disregard for compliance.

7 Aggravating is the fact that Binance hired a consultant and  
8 ignored mitigation exposure and chose to violate law versus full  
9 compliance with United States regulations and laws.

11:18:25 10 Next, the Court needs to impose a sentence that reflects  
11 adequate deterrence to the criminal conduct. The sentence the  
12 Court will impose is imposed for two different reasons, specific  
13 deterrence, so the defendant Binance understands that they  
14 cannot continue to engage or in the future engage in this type  
11:18:43 15 of conduct, and general deterrence so that any other like  
16 organizations, wherever they may be located, must comply with  
17 United States laws and regulations without variance.

18 Court also needs to impose a sentence to protect the public  
19 from further crimes of the defendant, and also needs to impose a  
11:19:00 20 sentence to avoid sentencing disparity.

21 Now, the Court's unaware of any specific disparity based  
22 upon the agreement that's reached between the United States and  
23 the defendant.

24 I note the government has outlined several circumstances  
11:19:14 25 where other entities have engaged in similar or like conduct,

1 but I'm satisfied that the sentence that this Court will impose  
2 will not be so disparate or disproportionate to any other entity  
3 previously sentenced under similar circumstances.

4 For these reasons, the Court will first find that the  
11:19:37 5 sentence is imposed due to the company's deliberate and  
6 calculated effort to profit from the United States market  
7 without complying with the United States laws.

8 Next, the Court recognizes that this really is a case where  
9 the ethics of the company were compromised by greed and a desire  
11:19:57 10 to avoid United States regulations when an opportunity was  
11 clearly presented to them. So this isn't a question of  
12 ignorance or lack of knowledge, it was a question of volition  
13 and choice.

14 There have been financial penalties that have been agreed  
11:20:13 15 to between the parties, and the Court finds that there's no  
16 reason to vary from the recommendations made to this Court. And  
17 I will abide by what has been presented to this Court.

18 So in that regard, the Court will follow the terms of  
19 probation as recommended, the three years, it effects full  
11:20:32 20 compliance. I've already confirmed with the counsel that  
21 they've conferred with the client, so the client is fully aware  
22 of all the conditions. They have no objections or questions and  
23 fully understand the extent and scope.

24 The Court will also impose a mandatory special assessment  
11:20:45 25 in the amount of \$1,200, which is due. And the Court will also

1 impose a criminal fine of \$1,805,475,575, a forfeiture of  
2 \$2,510,650,588. And I believe that's the extent of the  
3 financial obligations and penalties.

4 Counsel, do you have a Judgment to present to the Court?

11:21:12

5 MR. LERMAN: We do, Your Honor.

6 THE COURT: And before that's being presented, I wish  
7 to give the defendants their rights on appeal.

11:21:23

8 As your rights on appeal, it's my understanding that under  
9 paragraph 39 of the Plea Agreement, you waived your rights on  
10 appeal, and any rights you had on appeal are exactly as stated  
11 in that document.

11:21:37

12 You may appeal the sentence if you wish to do so, and it's  
13 very important that you tell your lawyers that's exactly what  
14 you wish to do. Your lawyers can explain to you any issues that  
15 are appealable and any issues that might survive.

11:21:54

16 In addition, you also have the right to challenge your  
17 lawyers' effectiveness, if you believe that that's appropriate.  
18 That's a decision that you must make independent and with the  
19 consultation of your individuals in the decision-making  
20 capacity.

11:22:06

21 If you wish to appeal the sentence and you cannot afford  
22 the filing fee for the Court of Appeals, you can ask me to waive  
23 it. I don't think that's a real issue with the nature of the  
24 fine being imposed, but, nonetheless, the Court needs to advise  
25 you that you do have the right to appeal without cost to you.



1 Any notice of appeal must be filed within 14 days of the  
2 entry of judgment, without variance or exception.

3 As a representative for Binance, do you understand each of  
4 these conditions, sir?

11:22:21 5 MR. EATON: Yes, I do, Your Honor.

6 THE COURT: All right. With that, Counsel may present  
7 the Judgment.

8 MR. LERMAN: Your Honor, we're just filling in on page  
9 2 of the Judgment the probation page. We're writing three years  
11:22:36 10 from the date the monitor is selected. The Court said three  
11 years when you were imposing sentence, but under the Plea  
12 Agreement, it's three years from the monitor's selection; is  
13 that --

14 THE COURT: That's acceptable to the Court.

11:22:58 15 MR. LERMAN: All right. I'll show this to defense  
16 counsel before handing it up, Your Honor.

17 THE COURT: All right. Thank you.

18 MR. DAY: Thank you.

19 MR. LERMAN: Thank you.

11:23:13 20 THE COURT: And, Counsel, just so the record is clear,  
21 I received a document that is notice to the parties in advance  
22 of sentencing regarding the slight amendment to the Plea  
23 Agreement. Does any further record need to be made by the  
24 Court, or adoption of what you presented to the Court?

11:23:29 25 Counsel for the government?

1 MR. LERMAN: We don't think any further record needs  
2 to be made, Your Honor.

3 THE COURT: Counsel for defense?

4 MR. DAY: No, Your Honor.

11:23:37

5 THE COURT: All right. I trust that there's no  
6 additional counts or counts to be dismissed, is that correct,  
7 counsel for the government?

8 MR. MOSLEY: That is correct, Your Honor.

11:24:30

9 THE COURT: I've reviewed the judgment, it does  
10 reflect the Court's oral ruling, and I've signed it.

11 If there's nothing further before this Court, we are in  
12 recess.

13 THE CLERK: Please rise.

14 (Court recessed at 11:24 a.m.)

15 C E R T I F I C A T E

16 I certify that the foregoing is a correct transcript from  
17 the record of proceedings in the above-entitled matter.

18 /s/ Marci E.C. Chatelain

19 Marci E.C. Chatelain, CCR, RPR, RMR, CRR  
20 Federal Court Reporter

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